

## *History/Hysteria\**

The Canada Pension Plan has been the subject of ongoing - and misinformed - public debate.

Last Spring, the federal and provincial governments issued a paper on the reform of the Canada Pension Plan. The paper was intended to spark public discussion on this crucial social insurance program. But the so-called 'debate' on the CPP has been weak in history and heavy in hysteria - an unfortunate and dangerous combination.

Nowhere has the debate been more misinformed than around the CPP disability benefit. In fact, many Canadians are not even aware that the CPP provides this crucial protection.

The CPP disability benefit provides coverage for all working Canadians, including the self-employed who are not covered by workers' compensation or Employment Insurance. No Canadian is excluded because of former medical

history. No one pays higher premiums because he or she is considered to be a medical risk.

On the benefit side, payments are fully protected from inflation. They are portable throughout the country; residence makes no difference for eligibility. CPP disability benefits are paid until recovery from the disability, retirement or death.

We heard little about these important features of the CPP in the recent debate. The only news came in the form of a continued cry that the disability benefit is out of control. According to the doomsayers, the caseloads and costs are rising with no end in sight.

Here's where a little history could have gone a long way. There has indeed been an increase in the disability caseload - especially in the late 1980s and early 1990s. The caseload went from 121,455 in 1985 to 289,695 in 1995. *But it was an intended and deliberate increase*

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*in response to the identified weaknesses of the program.*

In 1981, Parliament set up a House of Commons Committee on the Disabled and the Handicapped during the International Year of the Disabled. The all-party Committee recommended in its acclaimed *Obstacles* report that Canada take steps to design and implement a comprehensive disability insurance program.

As a first step towards comprehensive reform, the Committee proposed several improvements to the CPP disability benefit. It said that the benefit should be improved and more people should be covered. In 1987, several changes came into effect.

Prior to that year, contributors were required to work and to have made CPP contributions for at least five of the past ten years before they could claim disability benefits. In 1987, the rules were changed to allow workers who had paid into the Canada Pension Plan for two of the past three years to qualify for disability benefits - provided, of course, they met the key requirement of having a severe and prolonged disability that prevented them from working.

Also in 1987, the time limit for filing a retroactive claim was extended from 12 to 15 months. The disability benefit was increased in that year to make it equivalent to the benefit paid under the Quebec Pension Plan.

Another government bill in 1992 lifted the time limit on late applications. This change opened the program to many workers who previously had been denied benefits. The rationale was that many potentially eligible candidates had not applied because they were unaware that the CPP paid such a benefit. Many people view the CPP as a retirement pension only and have little knowledge of its other components - the disabili-

ty, survivor, orphan's and death benefits.

This problem was confirmed by the Office of the Auditor General in its 1993 report. It pointed out most Canadians do not understand the CPP and the benefits to which they may be entitled.

In response to the Auditor General's recommendations, the federal government conducted a major information campaign. Lo and behold! More Canadians applied to the CPP! So did other disability programs. Workers' compensation, welfare and private insurers reassessed their caseloads and sent eligible candidates to the CPP.

The dramatic rise in disability benefit caseloads should come as no surprise. The growth in caseload was predictable - and arguably quite appropriate. The measures to improve the disability benefit were a response to inadequacies that Members of Parliament had worked for years to redress. The caseload 'surges' can be seen as an explicit correction to an identified problem - not the crisis it has widely been portrayed.

And despite the rise in caseload, the mantra of 'runaway disability expenditure' is not supported by the facts. In 1985, disability benefits represented 13 percent of all CPP expenditures. By 1995, disability benefits had gone up to 16.1 percent of overall costs.

Another little tidbit of history has been left out amid the hysteria. CPP disability numbers have been dropping; tighter administration has resulted in lower caseloads. All signs point to a continued downward trend.

Close to 60 percent of applications are now refused. These denials are expected to increase because of stricter qualifying rules. The current caseload is also being reexamined.

Between May 1993 and August 1996, 18,585 cases have been reassessed and 6,762 benefits have been cancelled. The appeals system has been made more stringent. Denials now represent 60 to 65 percent of appeal decisions and are expected to rise to between 70 and 80 percent.

Despite the facts, the CPP disability benefit has become a vulnerable target of cuts. The program is now at high risk because we have not managed to have an informed discussion on the issue. Next time we engage in public debate on such an important question, let's make sure we have the history, the whole history and nothing but the history.

The danger in the hysteria approach to public policy is that we will end up weakening - or even losing - a crucial protection for all work-

ing Canadians because of what we forgot - or probably didn't even know in the first place.

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